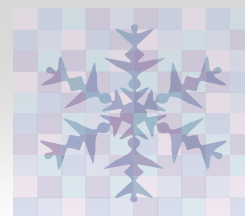


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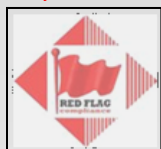


Internal Control Insight... BUDGETING



INTERNAL AUDIT UPDATES:

- Please note that sharing passwords is a violation of the City's IT Policy, Administrative Policy 403, Directive 12.6.
- Federal Trade Commission's "**RED FLAG RULES**" are delayed once again until **June 1, 2010!**



- Internal Audit Webpage
Have you checked out Internal Audit's Webpage lately...If not, check it out! We have new updates all the time.
- Have questions for internal audit, don't hesitate to call us or send an e-mail...we are always here to help!



Budgeting is an important internal control for two reasons.

- 1) To establish legal limits for authorized expenditures, and
- 2) The budget is a plan, to help us meet our organizations objectives.

Who has legal authority over the budget and is it mandatory that we prepare?

- The City Manager and City Council have legal authority over the budget. It is required by North Carolina General Statute (G.S. 159-13), for the City to prepare and City Council to adopt an annual budget for each fiscal year.

Effects of Strong Budget Controls: Strong budget internal controls have helped the City of Wilmington to significantly cut back our expenditures (5-15%) while still providing the quality services and programs to our citizens as well as maintaining our current work force. Some of the cut backs included early retirements, internal re-organizations, travel and training restrictions, and frozen positions.

Effects of Weak Budget Controls: A lack of adequate budget internal controls can negatively impact an organization's ability to provide the necessary services and to effectively operate programs.



INTERNAL AUDIT CURRENT EVENTS

- ❖ Don't forget about the City's **Fraud, Waste & Abuse Hotline!**
- ❖ City Website – Have ideas for Internal Audit's Webpage for the City...[let us know](#).
- ❖ Red Flag Rules Training - Internal Audit wants to THANK everyone who has completed the Red Flag Rules Identity Theft Training using Brainshark. Let us know what you think about Brainshark...click [here](#).
- ❖ Red Flag Rules Training - Please remember you only have to complete the training ONCE. You must complete at least 75% of the training for it to count.
- ❖ An Audit Committee meeting will be held on Monday, January 4, 2010 in the Lord Spencer Conference Room. Want to review the agenda, go to Internal Audit's Webpage.
- ❖ Cash Handling Policy, Effective September 1, 2009. The City's Cash Handling Policy Training is being developed and will be available hopefully by 1.31.2010. The training will be web-based.
- ❖ CDBG Accounting Division (Loans) Audit Report – Currently in Progress

REPORTS/MEMO'S RECENTLY RELEASED:

- ❖ September 30, 2009 Loan Confirmations Memo – Released December 14, 2009